

**State Auditor's Office
Agency Overview**

April 2012

For the Economic Affairs Committee

Elected Official: Monica Lindeen, State Auditor, also the Commissioner of Securities and Insurance

Constitutionally Designated Office: Under Article VI, Section 1, the state auditor is listed with the other executive branch, constitutionally named officers. Under Article VI, Section 4, subsection (5), the duties of the state auditor are as "provided by law". Statutorily listed under 2-15-601, MCA. A deputy state auditor is provided for in 2-15-602, MCA. The state auditor serves as the ex officio securities commissioner, pursuant to 2-15-1901, MCA, and as the ex officio commissioner of insurance, pursuant to 2-15-1903, MCA. The state auditor also serves on the land board.

Description and Responsibilities:

- Has authority under Title 30, Chapter 10, parts 1 through 3 and part 10 to regulate certain securities activities in Montana, including registration or filing of securities, registration, examination, investigation, and discipline of broker-dealers, investment advisers described in 30-10-201, or other securities salespersons.
- Has authority under Title 33 to regulate certain insurance products, insurers, and insurance producers in Montana as well as certain aspects of health service corporations and health maintenance organizations.
- Oversees the Insure Montana program of tax subsidies and tax credits for small businesses.
- Collects premium taxes on insurance policies.
- Oversees transfers of insurance premium taxes to the various pension and disability trust funds. Another transfer from the general fund is required for fire department relief associations.
- Oversees a repository of information, including for public bonds issued for major economic development projects under 17-5-1506, transition bonds issued under Title 69, chapter 8, industrial development bonds issued under Title 90, chapter 5, part 1, or bonds issued by the Montana Facility Finance Authority.
- Oversees the Montana Living Trust Act and the Securities Restitution Assistance Fund.

Administratively Attached Entities:

- The Montana Comprehensive Health Association and Plan (MCHA), while not described as an administratively attached agency because it is a nonprofit legal entity, has aspects of administrative attachment. The insurance commissioner: must appoint 2 members at large to MCHA; may replace a board member if the commissioner determines the member is not actively participating or if the appointing entity does not appoint a representative within a reasonable period; calculates premium to help determine which insurers are authorized to appoint board members; and is responsible for approving MCHA's premium rate schedules and income categories for participant eligibility.

Legislative Audits:

- Financial compliance audits are done in even-numbered years. The last financial compliance audit was in October 2010.
- A performance audit of Insure Montana was done in December 2010. The audit recommended enhanced verification of income and business size to determine eligibility and a determination of whether a recipient was delinquent in paying state income taxes. Other recommendations included changes in statutes so that spouses of the employer did not unfairly receive benefits.

Agency Bills Passed During 2011 Session:

- HB 29, introduced by Rep. Jonathan McNiven, expands criteria for extraordinary event exceptions to uses of credit information.
- HB 81, introduced by Rep. Don Roberts, creates a securities restitution fund.
- HB 125, introduced by Rep. Harry Klock, generally revises insurance and securities laws.
- SB 78, introduced by Sen. Rick Ripley, adopts model language for the Montana Guaranty Association.



2800 Tenth Avenue North
PO Box 37000
Billings, MT 59107-7000

April 18, 2012

The Honorable Representative Tom Berry
Chairman of the Economic Affairs Interim Committee
62nd Montana Legislature
PO Box 201706
Helena, MT 59620

EMAIL: pmurdo@mt.gov

Dear Representative Tom Berry and Members of the Economic Affairs Interim Committee:

Billings Clinic is a not for profit physician-led integrated health care organization comprised of a 240 physician multi-specialty group practice, a 272-bed regional acute care tertiary-level hospital, regional primary care clinics, and long term care serving a population of 600,000 in eastern Montana, northern Wyoming, and the western Dakotas. We also manage six critical access hospitals in this same region.

There has been Federal bipartisan support for the payment and delivery system reforms that are envisioned in the Patient Protection and Affordable Care Act (PPACA). Efforts to incent more collaboration and shared risk across the continuum of care settings and providers will enhance quality, reduce costs, and provide greater value for payers and patients.

We applaud the Commissioner of Securities and Insurance (CSI) engagement of health care industry stakeholders in Montana to address important components of delivery system reform. Billings Clinic is participating in three of the CSI facilitated advisory councils:

- Patient-Centered Medical Home Advisory Council
- Montana All-Payer, All-Claims Database Advisory Council
- Health Insurance Exchange Stakeholder Involvement Council

These councils are gathering critical information to guide policymakers and industry leaders as we seek solutions to provide affordable health care coverage for all Montanans. We believe the results of these efforts have ongoing value to Montana regardless of the U.S. Supreme Court's ruling on the constitutionality of PPACA.

On behalf of Billings Clinic, I thank the leadership of the Economic Affairs Interim Committee for the opportunity to provide comments today.

Sincerely,

Kristianne B. Wilson
Executive Director, Health Policy

Copy: Monica J. Lindeen, Commissioner of Securities and Insurance, Montana State Auditor
Aimee Grmoljez, Crowley Fleck PLLP, Billings Clinic Lobbyist